



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

George A. Scott
Chair
Federal Accounting Standards Advisory Board
Washington, D.C.

Dear Mr. Scott:

The Department of Commerce has reviewed the proposed *Omnibus Amendments, Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1* dated August 22, 2023.

Please find enclosed an answer to the question that was asked of respondents regarding amendments to SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. If you have any questions, please contact me at (202) 482-2715 or ksalzer@doc.gov.

Sincerely,

Kristin Salzer
Director of Financial Reporting and Policy

Enclosure

cc: Julie Tao
Bruce Henshel
Thomas Mann

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

- Q1.** Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI the value of the federal government's estimated royalties and other revenue from federal natural resources that are (1) under lease, contract, or other long-term agreement and (2) reasonably estimable as of the reporting date. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

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(No feedback submitted.)

- Q2.** The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Department of Commerce Response:

The Department strongly disagrees with removing the “where available” exception in paragraph 24b. The proposed amendment would require reporting entities to, when the federal and/or non-federal funding information is not available, disclose the estimated amount of the funding of the P3 over the expected life.

The Department strongly believes and recommends that any preparer inappropriate application of the “where available” exception in paragraph 24b to the SFFAS 49 requirements included in SFFAS 49 paragraphs 24c and 24d rather be addressed by FASAB by including clarifying guidance in amendments to SFFAS 49 and/or in implementation guidance.

The Department also believes and recommends that any preparer lack of reasonable effort to obtain or estimate funding information rather be addressed by FASAB by including clarifying guidance in amendments to SFFAS 49 and/or in implementation guidance.

The exposure draft’s Appendix A: Basis for Conclusions did not include discussion of research, analysis, or support for the paragraph A19 assertion that reporting entities should be able to estimate the non-federal partner funding over the P3’s expected life in all circumstances, including when information is not available.

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P3s can be complex arrangements, transactions, and/or relationships for which either the federal funding or the non-federal funding over the P3's expected life may not be available. For example, the information may not be included in a contractual or other document or otherwise available to the reporting entity.

The expected life of a P3 may be beyond any formal or informal arrangement/transaction/relationship that is currently in place (two possible examples being the expected life is beyond the current contract excluding renewal option period(s) or optional items, or the expected life is beyond the current purchase orders or task orders issued under the current contract). The Department believes that the federal and/or non-federal funding of a P3 may not be reasonably estimable/supportable (e.g., one possible example is where a contract is an indefinite delivery/indefinite quantity contract). The Department believes that there can be numerous complexities and difficulties with a reporting entity being required to estimate federal and/or non-federal funding of all of its disclosed P3s over their expected lives when the information is not available. The Department strongly believes that a reporting entity may not have a sufficient basis and may not have sufficient information to reasonably estimate federal or non-federal funding over the P3's expected life for inclusion in an *audited* P3s note to the financial statements. Furthermore, the Department believes that there can be circumstances where it may be inappropriate for the reporting entity to estimate the federal and/or non-federal funding of a P3 over the expected life.

The Department is very concerned about the cost of this proposed amendment to the reporting entity versus the benefits of the disclosures to the readers of the financial statements.

The Department also is very concerned about the audit implications of removing the "where available" exception including a) the supportability and auditability of any estimated information prepared by the reporting entity; and b) the possible impact(s) to the reporting entity of a circumstance where the reporting entity is considered, by the auditor, to be not in compliance with the proposed paragraph 24b requirements as proposed for what the reporting entity believes is a valid reason(s) for such noncompliance that is deemed by the auditor.